

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

February 19, 1999

IN RE:

**KINGSPORT POWER COMPANY PETITION FOR)
APPROVAL OF SPECIAL CONTRACT WITH) DOCKET NO. 98-00192
WILLAMETTE INDUSTRIES)**

ORDER DISMISSING PETITION AND CLOSING DOCKET

On September 1, 1998, at a regularly scheduled Authority Conference, this matter came before the Tennessee Regulatory Authority (the "Authority") for consideration of the parties' Motion to Dismiss.

On March 23, 1998, Kingsport Power Company ("Kingsport") filed a Petition for Approval of a Special Contract with Willamette Industries, Inc. ("Willamette"). Under the special contract, Willamette would purchase from Kingsport back-up service, maintenance service and surplus power service, none of which are provided for in Kingsport's Tariff I.P. (Industrial Power). In addition, the special contract proposed by Kingsport provides Willamette with an option to buy out the five (5) year term of the underlying Tariff I.P. Service Agreement, under certain circumstances.

On April 3, 1998, Willamette filed a Petition to Intervene, Protest and Complaint (the "Complaint") seeking to intervene in this proceeding, with the right to participate as a party and further to conduct discovery, to present witnesses and to participate fully in any hearings held by the Authority. Pursuant to Tenn. Code Ann. § 65-5-201 and/or 65-5-204, Willamette requested that the Authority convene a hearing and require Kingsport to demonstrate that its rates are not

unjust, unreasonable, excessive, or unjustly discriminatory. Willamette further argued that Kingsport's actions constituted unjust and unreasonable practices prohibited by Tenn. Code Ann. § 65-4-115. In response thereto, Kingsport filed a letter request for withdrawal of its special contract with Willamette, arguing that the parties had obviously not reached an agreement that was ripe for consideration by the Authority.

At the Conference held on June 2, 1998, the Authority determined that the parties had outstanding issues relating to both the underlying special contract and Kingsport's Tariff I.P. and that the same could not be adequately addressed without a hearing on both the contract issues and Kingsport's Tariff I.P. Additionally, the Authority determined that a pre-hearing officer should be appointed to prepare a statement of issues and a procedural schedule for the case, and address such other preliminary matters as may be appropriate to facilitate the orderly and efficient hearing of this matter by the Authority. The Authority unanimously appointed Edward Phillips as Hearing Officer.

Shortly thereafter, the parties voluntarily entered into settlement negotiations. The result of those negotiations was the filing of a Motion to Dismiss the pending matter in Docket No. 98-00192 and the filing by the parties of a Joint Petition for Approval of a Special Contract in Docket No. 98-00546.

In consideration of the parties agreement, and having considered relevant portions of the record, the Authority unanimously voted to dismiss the matter pending in Docket No. 98-00192, during its regularly scheduled Authority Conference held on September 1, 1998.

IT IS THEREFORE ORDERED THAT:

1. The matter pending in Docket No. 98-00192 is hereby dismissed and that docket is closed.



CHAIRMAN



DIRECTOR



DIRECTOR

ATTEST:



EXECUTIVE SECRETARY